m/027/007

WESTERN STATES MINERALS CORPORATION

February 3, 1998

Mr. Ron Teseneer
U.S. Dept. of the Interior
BLM- House Range/Warm Springs Resource Area
35 East 500 North
Fillmore, UT. 84631

and

Mr. Wayne Hedberg
State of Utah-Dept. of Natural Res.
DOGM-Minerals Program
P.O. Box 145801
Salt Lake City, UT. 84114-5801

RE: Letter of Response to the meeting held between representatives of the BLM, DOGM, and WSMC on January 13, 1998

Dear Ron and Wayne:

This letter is written in response to the meeting that we both attended on January 13, 1998 at the DOGM's Office Complex in Salt Lake City. The meeting included representatives from the BLM's State Office in Salt Lake City, UT. and House Range/Warm Springs Resource Area Office in Fillmore, UT.; DOGM's technical staff in Salt Lake City, UT.; and Western States Minerals Corp. The meeting lead to the clarification of several issues; the most prominent being the resolution of the proposed Characterization Sampling Program for Heap Leach Pads and Waste Rock Dumps located at the Drum Mine, dated Nov. 1997. In addition, I understand your need for a brief Synopsis of the Proposed Reclamation Plan for the site to include in the Environmental Assessment (EA), that your agency will be writing. Of course, the results of the heap and waste dump sampling and analysis program will provide the data necessary to develop the final Reclamation Plan for the Drum Mine; but the Synopsis will give you a good approximation of the general reclamation that will be proposed. The last request made was for a proposed schedule of site activities, beginning with sampling and proceeding through completion of reclamation at the Drum Mine area. Therefore, in an effort to keep the response to each issue clear and concise, I'll develop a separate write-up for each and attach them to this cover letter.

I do have a question that requires clarification, and would appreciate your prompt response. In a letter from E.B. King (Jumbo) to W. Hedberg (DOGM) dated Feb. 1995, Jumbo discusses the identification of available growth media found within the project boundary. However, the quality of those areas do not apear to have been tested. Therefore, first, WSMC requests confirmation from the BLM and/or DOGM that those quantities of growth media referred to in Jumbo's February 1995 letter, are valid; and, second, if those quantities are valid, does the agronomic quality of this growth media need to be analyzed?

If you have any questions or comments concerning the attached information, please call me or Jim Ashton at your convenience at the number listed below.

Sincerely,

E.M. (Buzz) Gerick
Vice President of Operations

cc: Al Cerny- WSMC, Wheat Ridge
Jim Ashton- WSMC, Reno
DRUM file

250 S. Rock Blvd., Suite 130 ▲ Reno, NV 89502 ▲ (702) 856-3339 ▲ FAX (702) 856-1818

ADDENDUM TO THE CHARACTERIZATION SAMPLING PROGRAM FOR HEAP LEACH PADS AND WASTE ROCK DUMPS LOCATED AT THE DRUM MINE, dated November 1997

In addition to the original proposals stated in the *Characterization Sampling Program for Heap Leach Pads and Waste Rock Dumps located at the Drum Mine - dated November 1997;* this Addendum includes a proposal to sample and analyze several other areas: 1) areas where growth media might be recovered, within and outside the project boundary; and 2) Waste Dump # 1.

Growth Media sampling plan The areas identified, were presented to WSMC by BLM representatives, as possible areas where growth media might be salvaged for later use during reclamation activities. The areas to be sampled are identified on the attached map - Addendum Figure 1.

The following sampling and analysis criteria will be followed for the proposed growth media testing areas:

- At least one test pit per 2.5 acres will be excavated to evaluate and sample the growth media areas. The test pits will be excavated using an excavator or backhoe. Cross country travel will be used to access the test pit sites. Once sampling of the test pits is completed, they will be back-filled and reclaimed.

- At least one composite sample will be developed for each five to ten acre parcel (e.g. this assumes one set of samples for each soil horizon within this parcel). The various soil horizons in each excavation will be sampled individually. Sample compositing will be done, to the extent possible, in a manner that will prevent mixing of the various soil horizons. This is a generalized criteria that may be modified in the field, depending upon what we encounter. In addition, for each excavation, the depth or thickness of each soil horizon will be recorded so that a total amount of soil can be quantified from the recordations.

- The analysis criteria for the composite samples will generally involve the following constituents called for in the DOGM Minerals Program:

1. Texture
2. pH
3. EC (conductivity)
4. Saturation percentage
5. SAR
6. Percent organic matter
7. CEC (cation exchange capacity)
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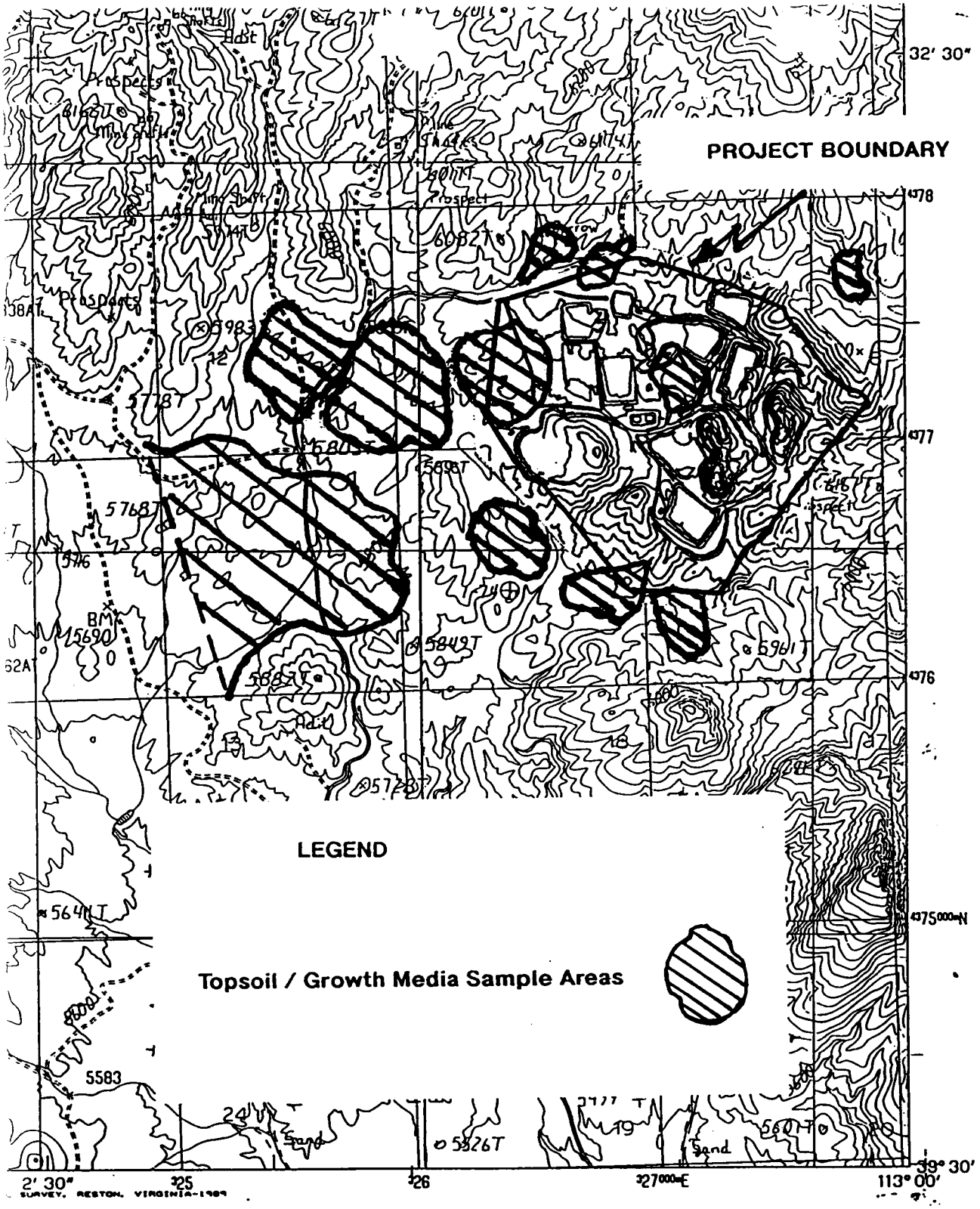
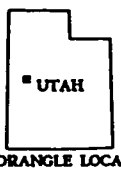
9. $CaCO_3$
10. Sulfur (acid potential)
11. Selenium
12. Total nitrogen
13. Nitrate nitrogen
14. Phosphorus (as P_2O_5)
15. Potassium (as K_2O)

The data generated from this testwork should provide the quantity and quality of growth media available for reclamation purposes at or near the Drum minesite. This will then be incorporated into the proposed Reclamation Plan for the site.

Waste Dump # 1 sampling plan- Assuming WSMC's proposal regarding reclamation of Waste Dump # 1 is accepted as written (see *Settlement and Reclamation Agreement* submitted Feb. 3, 1998), Waste Dump # 1 will be sampled and analyzed using the same criteria as presented in the original text entitled *Characterization Sampling Program for Heap Leach Pads and Waste Rock Dumps located at the Drum Mine - dated November 1997.* The sample locations are identified on the attached map - Addendum Figure 2.





QUADRANGLE LOCATION

1	2	3	1 Topaz Mountain West 2 Topaz Mountain East 3 Picture Rock Hills 4 Topaz Mountain SW 5 Drum Mts. Well 6 Whirlwind Valley NW 7 Little Drum Pass 8 Smelter Knolls West
4		5	
6	7	8	

ADJOINING 7.5' QUADRANGLE NAMES

ROAD LEGEND

Improved Road . . . . . ——————

Unimproved Road . . . . . – – – – – –

Trail . . . . . – – – – – –

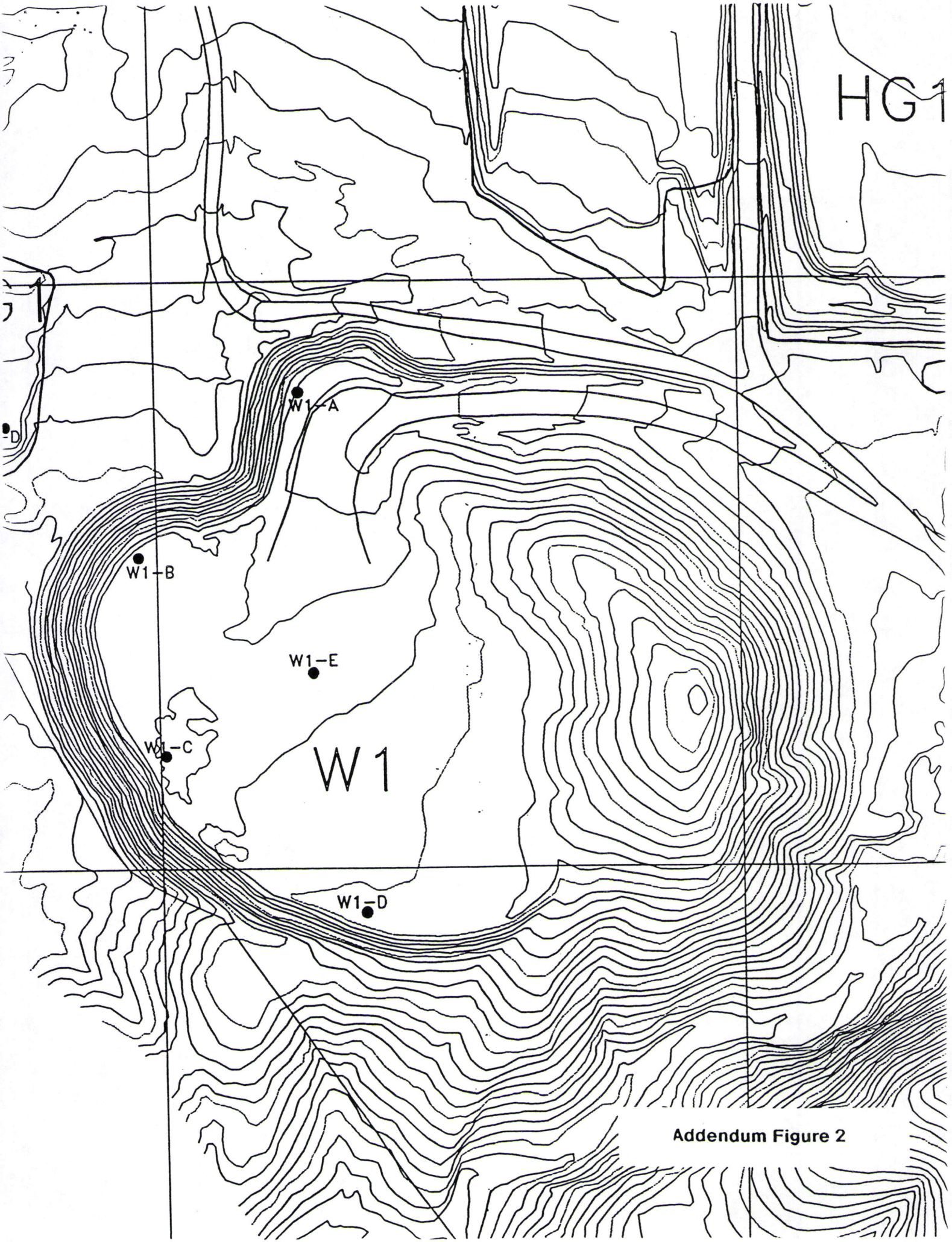
Interstate Route U.S. Route State Route

Addendum Figure 1

LADY LAIRD PEAK, UTAH

PROVISIONAL EDITION 1988

39113-E1-TF-024



Addendum Figure 2

SYNOPSIS OF PROPOSED RECLAMATION PLAN
for the
DRUM MINE

The following generalized parameters will be incorporated into a revised Reclamation Plan for the Drum Mine; and then refined, when the data gathered during the sampling and characterization program is completed and incorporated into the final product. This assumes (e.g. based on a preliminary composite sample of the waste rock dumps and the spent ore from the heaps) that the material located on the waste dumps and the heap leach pads is benign and can be moved off the existing containment, without causing any adverse impact to the local or regional ecosystem. This hypothetical plan envisions the whole site being reclaimed to a similar standard; however, it only specifically, addresses that reclamation work that Western States Minerals Corporation (WSMC) is responsible for.

Goals of the Reclamation Plan

- Ensure public safety, and reduce or eliminate adverse impacts

- Minimize off-site impacts by controlling infiltration, erosion, sedimentation and related degradation of drainages that pass through the site

- Return the disturbed areas to a stabilized condition similar to that which existed prior to mining activities

- Re-establish a stable environment that will support a diverse self-sustaining vegetation and wildlife habitat, consistent with accepted land use objectives

- Achieve a visual compatibility with the surrounding landscape

Reclamation Plan parameters

- Regrade heaps and waste dumps to an approximate 3H to 1V slope; and shaped to reduce the potential for standing water

- Application of 6 to 12 inches of growth medium (e.g. soil and substitute topsoil) to the regraded surfaces. This depends upon successfully locating an adequate amount of growth medium to complete the task, within and slightly outside the project boundary. The application amount is not only dependent upon the availability, but also on the area where it will be applied (e.g. aspect, availability of existing fines, toxicity characteristics, if any, and ability to support a self-sustaining vegetative growth). All growth medium will be evaluated for its ability to sustain vegetation, and will be adjusted with fertilizer or other additives, accordingly.

- Surface drainages will be reestablished throughout the property; to prevent excessive ponding or erosion by meteoric waters, falling on or flowing through the property

- Haul and access roads, associated with each heap or waste dump, will be ripped, regraded, and growth medium applied

- Wherever growth medium is applied, the surface will be roughened to prevent erosion, as a seedbed preparation, and to harvest meteoric water to enhance plant growth

- Finally, an appropriate seed mixture will be applied to all reclaimed surfaces

A PROPOSED SCHEDULE OF ACTIVITIES LEADING TO COMPLETION OF RECLAMATION AT THE DRUM MINE

The following is preliminary schedule of activities leading to completion of reclamation at the Drum mine. This schedule assumes that on-site work would commence during April 1998, and progress through final reclamation. ***Note: This schedule only covers that work associated with Western States Minerals Corp. responsibility.***

Activity	Date
- Receipt of Regulatory agency approval of the *Characterization Sampling Program for the Heap Leach Pads and Waste Rock Dumps located at the Drum Mine*	April 1, 1998
- Field sampling of Drum mine	April 14 - May 1, 1998
- Sample analysis (assumes 6 wk. to 2 mos.)	May 4 - June 26, 1998
- Submittal of *Reclamation Plan for the Drum Mine* to Regulatory agencies for approval	July 14, 1998
- Receipt of Regulatory approval for the *Reclamation Plan for the Drum Mine* (assumes 30 to 60 days turn around)	Aug. 14 to Sept. 14, 1998
- Initiate reclamation at Drum mine	Sept. 29, 1998
- Complete reclamation at Drum mine (assumes approx. 6 mos. to complete)	April 15, 1999
- Post closure monitoring period (assumes approx. 2 year monitor period prior to release)	April 15, 1999 through April 15, 2001

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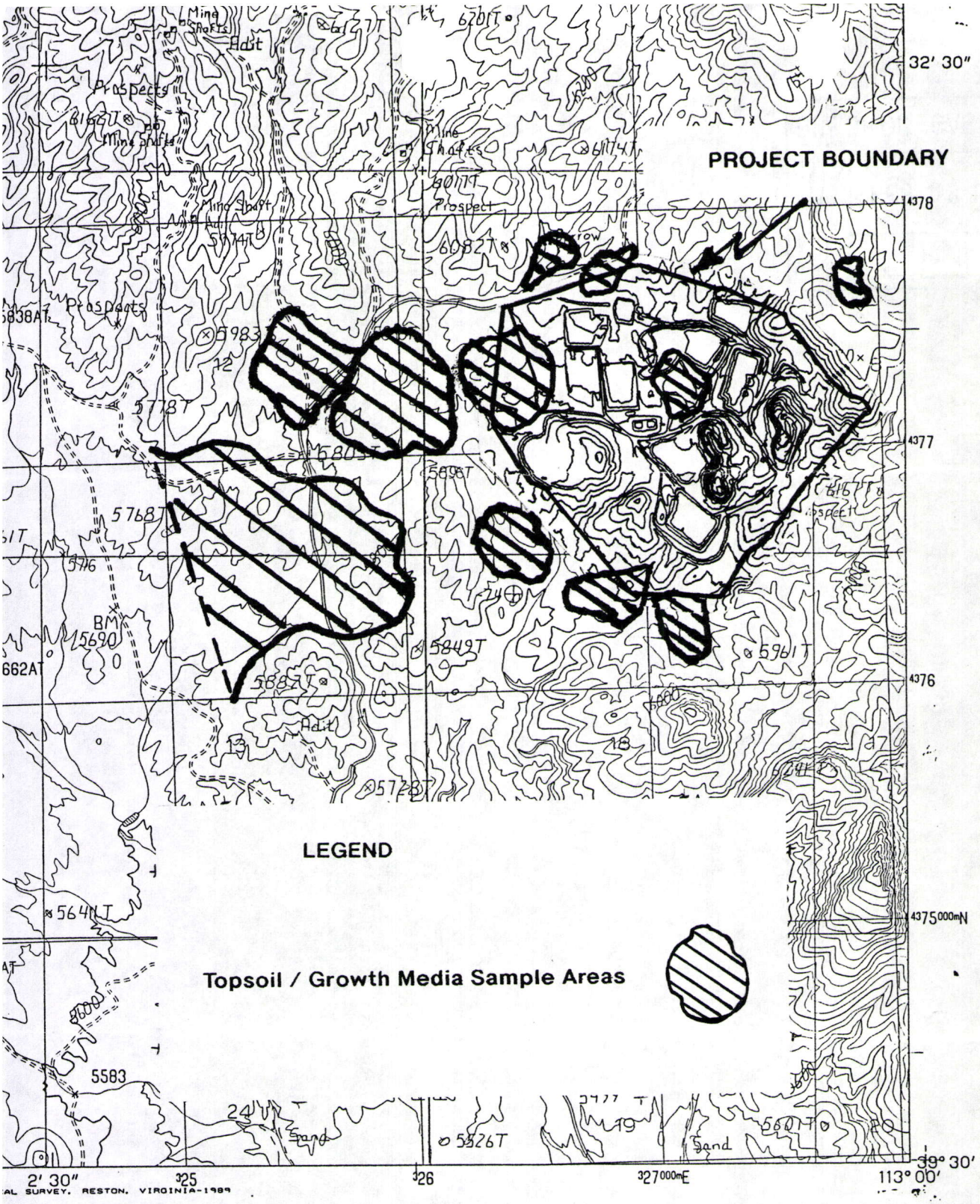

AL SURVEY. RESTON, VIRGINIA-1989

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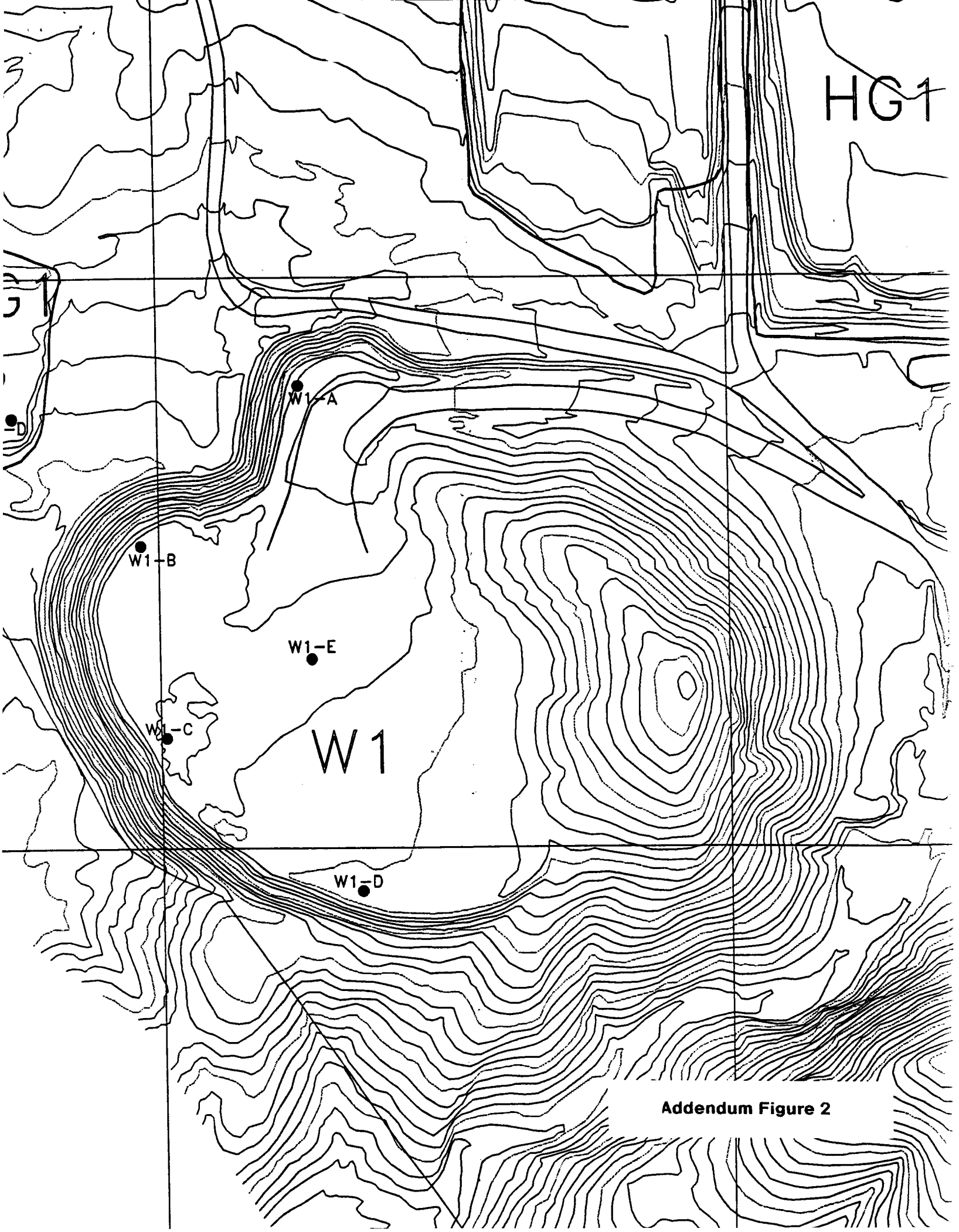

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